

RESOLUTION (EU) 2019/1423 OF THE EUROPEAN PARLIAMENT**of 26 March 2019****with observations forming an integral part of the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2017, Section V — Court of Auditors**

THE EUROPEAN PARLIAMENT,

- having regard to its decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2017, Section V — Court of Auditors,
 - having regard to Rule 94 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A8-0097/2019),
- A. whereas in the context of the discharge procedure, the discharge authority stresses the particular importance of further strengthening the democratic legitimacy of Union institutions by improving transparency and accountability, and implementing the concept of performance-based budgeting and good governance of human resources;
1. Notes that the annual accounts of the Court of Auditors' ('the Court') are audited by an independent external auditor in order to apply the same principles of transparency and accountability that the Court applies to its auditees; notes the auditor's opinion that the Court's financial statements give a true and fair view of its financial position;
 2. Notes that in 2017 the Court's final appropriations amounted to a total of EUR 141 240 000 (compared to EUR 137 557 000 in 2016) and that the overall rate of implementation for the budget was 97,73 % (compared to 99 % in 2016);
 3. Stresses that the Court's budget is purely administrative, with a large amount being used for expenditure in relation to persons working within the institution (Title 1) and in relation to buildings, movable property, equipment and miscellaneous operating expenditure (Title 2); calls on the Court to continue improving payment execution rates, in particular in relation to Title 2 where the payment rate was 55,75 % of final appropriations and 57,13 % of commitments (compared to 52,8 % and 53,8 % respectively in 2016);
 4. Notes that the appropriation rate for staff missions was 87,98 % of final appropriations (compared to 93,76 % in 2016); welcomes the commitment of the Court to take all necessary measures to ensure that mission appropriations are used in accordance with the principles of economy, efficiency and effectiveness;
 5. Welcomes the participation of the Court in the interinstitutional Integrated Financial and Activity Planning (IFAP) project, which is a first step towards the implementation of performance-based budgeting as part of the EU Budget Focused on Results initiative; calls on the Court to report to the Parliament Committee on Budgetary Control in relation to progress in the next annual activity report;
 6. Welcomes the launch of the online portal 'Public Audit in the European Union' containing information on the work and role of the 29 Union Supreme Audit Institutions and the Member States; calls on the Court to publish short activity reports on the online portal, containing concrete data on the analyses performed by the Court and the Supreme Audit Institutions and the concrete results, including cost-benefits analyses and the amounts recovered;
 7. Acknowledges the fact that the Internal Audit Service has examined the implementation of the Court's 2013-2017 strategy and the operational structure of the Directorate of Presidency in relation to topics such as software licences and risk management; welcomes the fact that the Internal Audit Service considers that the governance, risk management and internal control procedures in place provide reasonable assurance as to the achievement of the Court's objectives;
 8. Welcomes the fact that the Court published its Final Accounts by 31 March 2018 as recommended by Parliament in its previous discharge; encourages the Court to streamline its procedures to ensure also the publication of its Annual Activity Report by 31 March, with a view to optimising and expediting the discharge procedure; suggests that the Court examines in its forthcoming opinions the extent to which the proposed arrangements would allow for a shortening of the discharge procedure;

9. Deplores that since 2012 the Court has failed to publish any special report on the management of conflict of interest in selected Union agencies; urges the Court to publish annual special report on the management of conflict of interest in Union agencies working with industries, namely the European Aviation Safety Agency (EASA), the European Chemicals Agency (ECHA), the European Food Safety Authority (EFSA) and the European Medicines Agency (EMA); notes that the risk of conflict of interest is higher for Union agencies working with industries than for other Union agencies;
10. Appreciates the cooperation between the Court and Parliament's Committee on Budgetary Control; welcomes the presentation of the work programme to Parliament's Conference of Committee Chairs with an invitation to all parliamentary standing committees to recommend potential audit tasks; welcomes the fact that around two third of these suggestions will impact on the Court's work; notes that 60 presentations were given to Parliament and that many bilateral meetings have taken place;
11. Notes that the audit risk in the area of administrative expenditure is low and that error rate estimates have been below the level of materiality for several years; notes that the Court therefore considers that the number of transactions tested is sufficient to reach conclusions for its audit; regrets, however, that the scope of considerations in Chapter 10 of the annual reports on 'Administration' allows for only a very limited review of weaknesses in administrative expenditure in each institution; regrets that the Court's analysis of the progress made by Parliament and the European Economic and Social Committee in comparison with the 2014 recommendations for 'Administration' was not carried out, given that the Court's audit for 2017 did not include the examination of administrative expenditure for these institutions; calls on the Court to follow-up on these recommendations soon and speed up the follow-up for recommendations issued in this Chapter in future;
12. Welcomes the Court's cooperation with other public institutions and stakeholders; notes with appreciation the cooperation between the heads of Supreme Audit Institutions and the adoption of a joint work plan from 2018 onwards; supports, moreover, the partnerships entered into with various universities in the context of the Court's policy to extend its range of training;
13. Welcomes the fact that 92 % of the Court's recommendations issued in 2014 were implemented by the end of 2017 as were 53 % of those issued in 2017;
14. Notes that, according to the Financial Regulation, the Court shall ensure that special reports are drawn up and adopted within an appropriate period of time which shall, in general, not exceed 13 months; notes that in 2017 it took an average of 14,6 months from commencement of an audit task to adoption of the special report while also the year before the 13-month target timeframe for producing special reports was not met; regrets that only eight of the special reports (29 %) published during 2017 complied with the 13-month target timeframe; observes that the time until publication was 16 months on average which was around two months less than in 2016 and, in that light, calls on the Court to continue improving its performance, while not compromising the quality of the special reports and the targeted nature of its recommendations;
15. Notes with interest that the Court increasingly involves translators in its core activities thus creating further synergies with the auditors; notes that translators provided drafting support to the auditors for special reports and the annual report as well as for 38 audit visits;
16. Welcomes the Court's strategy for communication, 'Get clear messages across to our audience', and the communication activities aimed at increasing its visibility and media impact, including an increase of its outreach on social media; welcomes the use of extensive social media analytics to better understand to what extent target groups are reached and whether media campaigns have been successful; encourages the Court to continue striving for the best use of various communication channels to raise awareness of its work among citizens;
17. Welcomes the detailed review of the use of official cars by members of the Court and the Secretary-General broken down by user, distance travelled and cost paid, provided by the Court in the framework of the discharge procedure 2017; observes that different regimes apply to journeys covered by a mission order and other journeys undertaken in the course of performance of official duties, up to a limit for reimbursement of 10 000 km per year; notes, moreover, that for all other journeys members and the Secretary-General shall bear any other related cost; notes that 17 % of all utilisation of official vehicles are for non-professional use; notes that drivers tasked with driving members on official missions and protocol journeys are also employed in various administrative tasks, as declared by the Court in the framework of the discharge procedure 2017; calls on the Court to carry out a detailed analysis of the journeys under the category 'Other journeys undertaken in the performance of official duties';

18. Welcomes the fact that Decision 81-2016, which decreased the annual limit for reimbursement for journeys undertaken in the performance of official duties from 15 000 to 10 000 km, resulted in savings of approximately 15 %; is concerned, however, that the current regime still results in a disproportionate burden in terms of administration and documentation; calls on the Court to make further simplifications while improving the reliability of the system for settlements; suggests that members of the Court are paid a monthly allowance, calculated in proportion to the list price of their respective official vehicle, instead of the current system which is based on travelled distance;
19. Notes that fuel cards are assigned to specific official vehicles and that the person driving that vehicle may use them to pay for petrol and tolls during missions; notes that the members of the Court and the Secretary-General may request fuel cards for their own diplomatic vehicle, but the full actual cost of the petrol is paid by them;
20. Notes the fact that the Court's ongoing project to reinforce the security of the institution and staff progressed according to plan; notes that the new security control centre, the external accreditation centre and the access control centre for staff and visitors are now operational;
21. Welcomes that the Court obtained certification under the Eco-Management and Audit Scheme (EMAS); welcomes the Court's measures to improve its waste management, increase its energy efficiency and reduce its carbon footprint and encourages it to continue with its efforts in this direction; welcomes the remarkable reduction in energy costs;
22. Notes that the reduction of 5 % in staff numbers over the period 2013-2017 has been achieved in compliance with the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management ⁽¹⁾ with an overall contribution of 45 posts; notes that the Court cut one post more than the target for the period 2013-2017; notes that the number of contractual agents increased from 59 to 73 over the same period, which is mainly due to the reinforcement of security measures at the Court premises; notes that the Court streamlined procedures by using IT tools and digitalisation and by outsourcing various tasks to the Pay Master Office of the Commission in order to implement staff reduction objectives;
23. Notes that the Court, in order to be aligned with the recommendations issued by the International Federation of Accountants, aims to provide an annual average of 40 hours (five days) of professional training to its auditors; observes that in 2017 the target was exceeded with 6,7 days of professional training per auditor;
24. Is concerned by the increase in sick leave taken by staff from 8 636 days in total (for 687 members of staff) in 2015 to 10 327 days (for 677 members of staff) in 2017; welcomes the transparency of the Court regarding the number of cases of staff burnout which occurred in 2017; calls on the Court to acknowledge this worrying trend and to prepare an action plan on improving the well-being of the staff, thus strengthening its efforts to improve staff well-being and work-life balance;
25. Notes that the low level of basic salaries for starting grades and limited career development opportunities in Luxembourg, due to the low number of institutions located there, have a direct impact on the Court's recruitment procedures; welcomes the creation of an inter-institutional task force in November 2017 which has made 24 recommendations concerning better career prospects and hiring flexibility, better reception and settlement conditions in the country, better integration of the institution's staff into local society and improved communication;
26. Welcomes the fact that 43 % of auditors and administrators were women in 2017 and that gender balance in the promotion procedure was achieved in the context of the Action Plan for the Equal Opportunities Policy 2013-2017; notes that the share of women in management positions in the audit chambers increased from 7 % in 2015 to nearly 20 % in 2017; regrets however that only 2 out of 11 Directors and 7 out of 29 Heads of Private Office in 2017 were women; welcomes the adoption of an Equal Opportunities Action Plan for 2018-2020 and calls on the Court to continue its efforts to promote gender balance in management positions;

⁽¹⁾ OJ C 373, 20.12.2013, p. 1.

27. Regrets the fact that, as of 1 May 2018, only 6 out of 28 members of the Court were women; recalls that Parliament has emphasised the issue of gender imbalance among members of the Court in European Parliament resolution of 4 February 2014 on the future role of the Court of Auditors. The procedure on the appointment of Court of Auditors' Members: European Parliament consultation ⁽²⁾ and urges Member States to more actively encourage women to apply for positions with a view to future vacancies; reiterates that the Council should present Parliament with at least two candidates, one being a woman and one being a man, in the course of the appointment procedure;
28. Notes that no case of harassment was reported, investigated or concluded during 2017; welcomes the fact that the Court takes various measures to raise awareness regarding harassment in the working environment, including training for newcomers; notes with appreciation that procedures and penalties are envisaged to follow-up on complaints against members of staff as well as against members of the Court; encourages the Court to closely monitor the effectiveness of its policy in this regard, to continue raising awareness about harassment in the workplace and to foster a culture of zero tolerance towards harassment;
29. Notes that there were no cases of whistleblowing in 2017; notes that the Legal Service of the Court acts as a disclosure, advice and referral body for internal and external whistleblowers; notes, furthermore, that a network of ethics advisors is in place to advise on the provision of information in cases of irregularities, as specified in the Court's rules of procedures; underlines that every member of staff are obliged to report on irregularities, both fraudulent and non-fraudulent, to the Legal Service of the Court; calls on the Court to protect the identity of members of staff reporting irregularities as to enable proper investigations; calls on the Court to ensure that all members of staff are properly informed of their rights, for example during induction procedures for new staff; welcomes the Court's opinion published in October 2018, following the Commission's proposed Directive on the protection of persons reporting on breaches of Union law as published on 23 April 2018; underlines the importance of awareness raising and training of staff as means of fostering a positive and trusting environment in which whistleblowing is an accepted part of the corporate culture;
30. Notes that in 2017 the Court communicated 13 cases of suspected fraud to the European Anti-Fraud Office (OLAF), compared to 11 in 2016, which have been identified during the statement-of-assurance work for the financial years 2016 and 2017 and within the other audit tasks; welcomes the ongoing negotiations between the Court and the OLAF on a new administrative arrangement; asks to be kept informed about developments with respect to relations with OLAF as well as about preparations for cooperation with the proposed European Public Prosecutors' Office (EPPO);
31. Regrets that members of the Court may be absent from the Court without justification and without having to request leave for one or more days; notes with appreciation the introduction by the Court of an attendance register to record the presence of members at meetings of the Court, its chambers and its committees; notes that the Court publishes a calendar of all such meetings on its webpage; calls on the Court to establish procedures for keeping a register of members' annual leave, sick leave and absence from work for other reason to ensure that all leave taken by members is effectively recorded; stresses that the current practice could undermine the trust of Union citizens and institutions in the Court;
32. Recalls that in accordance with Article 285 of the Treaty on the Functioning of the European Union, members of the Court shall be completely independent in the performance of their duties and shall act solely in the Union's general interest; is concerned by the current self-declaratory nature of compliance with this criteria and urges the Court to develop stronger controls on the external activities of members and to ensure that they submit declarations of interests instead of declarations of the absence of conflicts of interest; underlines that the current procedures, including the ethics committee, need to be reinforced to ensure the lack of conflict of interests; welcomes the ongoing external peer review of the Court's ethical framework and asks to be kept informed about the outcome;
33. Regrets that the information requested in mission orders in the past was insufficient and did not allow the Court to assess whether the activity planned by members of the Court fell within the area of interest of the Court; calls on the Court to increase the amount of information required accordingly in order to prevent possible abuses and report back to the discharge authority on the applied changes; notes that following the revision of the rules on Members' official missions by the Court ⁽³⁾, the Court publishes on a quarterly basis information on Members' missions;

⁽²⁾ OJ C 93, 24.3.2017, p. 6.

⁽³⁾ Decision No 61-2017 of 14 December 2017 on the mission expenses of the Members of the Court.

34. Observes with interest, however, that the Court has, since October 2016, begun reinforcing internal controls and financial procedures in relation to travel expenses and the management of official vehicles by adopting new rules for the use of cars and drivers that are now managed by a central team ⁽⁴⁾, new rules for mission expenditure ⁽⁵⁾ and new rules for representation costs of members of the Court ⁽⁶⁾ with the Secretary-General as authorising officer by delegation for expenditure related to missions of members of the Court ⁽⁷⁾ and by using the same system that manages the missions of any other staff of the institution;
35. Notes the Court's decision, in relation to the period 2012-2018, to complete a comprehensive internal audit of mission expenses and the use of the official cars by all members of the Court, the Secretary-General and the Directors in order to identify potential irregularities and to recover the amounts affected by such irregularities; asks to be informed about the results promptly when the audit is concluded and calls on the Court to swiftly take all measures necessary to address potential weaknesses identified in this process; furthermore, calls on the Court to provide an annual list with the missions undertaken, including, for each mission, the dates, the full cost and the purpose;
36. Recalls the recommended criteria for appointment of members to the Court by Member States and the Council as endorsed by Parliament in Parliament's resolution of 4 February 2014; underlines that high standards of integrity and morality were an important criterion and that candidates should not hold any elected office or have any responsibilities in relation to a political party as of the date of their appointment; is of the opinion that the selection procedure should be further adapted to ensure that candidates hold the relevant qualifications and fulfil the relevant conditions; suggests that the pre-selection procedure for judges at the European Court of Justice could serve as a model for an independent pre-selection procedure for members at the Court;
37. Notes that the United Kingdom's decision to withdraw from the European Union will not have a major impact on the structure and human resources of the Court; welcomes the fact that the Court has decided to follow a case-by-case approach to deciding on the extension of contracts for British temporary and contract agents and not to dismiss them on the sole ground that they are no longer nationals of a Member State; calls on the Court to swiftly develop a coherent strategy to provide certainty for the persons concerned; notes, moreover, that the member of the Court from the United Kingdom will not be in service as of 1 April 2019 and that the budgetary impact of his departure, eight months earlier than the termination of the mandate, will amount to about EUR 108 000.

⁽⁴⁾ Minutes for the 218th meeting of the Administrative Committee held on Thursday 6 October 2016, point 7.

⁽⁵⁾ Decision No 61-2017 of 14 December 2017 on the mission expenses of the Members of the Court.

⁽⁶⁾ Decision No 60-2017 of 14 December 2017 on the rules for the management of Members' representation expenses.

⁽⁷⁾ Decision No 58-2017 of 14 December 2017 of the European Court of Auditors laying down the internal rules for the implementation of the budget; Decision 59-2017 of 14 December 2017 of the Court of Auditors concerning the charter of tasks and responsibilities of the authorising officer by delegation and authorising officers by subdelegation.